BRITISH COLUMBIA

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Issue: 99-19 8 Pages
May 14, 1999

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Motor vehicle sales in the province continued to improve in March, increasing to 7.1% above the March 1998 level.** For the first time since 1997, there were back-to-back increases in the number of vehicles sold (sales had risen 8.8% in February). Sales of North American-made vehicles were 7.5% higher than a year earlier, while dealers selling vehicles manufactured overseas posted a more moderate gain of 5.0%.

  Car, truck, and van sales were up in every province except Saskatchewan (-2.0%), growing 9.9% nationally. The biggest increases were in Newfoundland (+25.6%) and Ontario (+18.2%).

  Source: Statistics Canada

Housing Market

- **Housing starts in British Columbia dropped 25.1% in April, falling to 14,900 units (seasonally adjusted at annual rates).** Multiple starts plummeted after an exceptional performance in March, but single starts were strong. Nationally, housing starts were down 3.3% to a seasonally adjusted annual rate of 144,700 units. The decline in multiple starts in BC was a factor in the downturn at the national level.

  Housing starts fell in six of the provinces, with Newfoundland (-37.5%) posting the largest decline. PEI (where housing starts doubled), Nova Scotia (+22.5%) and Quebec (+8.8%) were the only provinces with a significant increase in housing starts last month.

  Source: Canada Mortgage & Housing Corporation

- **The cost of new housing in the province continued to decline in March.** The New Housing Price Index (NHPI) for Victoria was down 6.4%, compared to the same month last year. In Vancouver it fell 5.3%. Canada's NHPI increased 0.6% in March, with prices rising in 15 of the 21 cities surveyed. Outside BC, price changes ranged from –1.3% in Sudbury/Thunder Bay to +5.9% in Calgary. *Source: Statistics Canada*

Tourism

- **Tourism room revenue in BC rose 1.1% (seasonally adjusted) in January, continuing an upturn that began in December.** Vancouver Island/Coast (+3.8%) marked its sixth straight month of revenue growth. An influx of visitors coming to see the Leonardo da Vinci exhibit at the Royal BC Musuem contributed to the continued strength in this region. The exhibit proved to be a block-buster, attracting large numbers of visitors to the capital city. Revenue was also up in Northeast (+5.7%), Kootenay (+5.0%) and Thompson/Okanagan (+2.8%). In Mainland/Southwest (-0.1%) and Cariboo (-0.2%), revenue edged down slightly between December and January. North Coast (-5.3%) and Nechako (-12.2%) saw more significant declines.

  Source: BC STATS

- **Visitor entries to British Columbia topped the half-million mark in March (522,976)–a level normally not seen until later in the spring.** Entries were up 13.9% from March 1998, marking the sixth time in seven months that they have increased at double-digit rates.

  US entries continued to be the main source of growth. Entries from the States were up 14.3%, to 441,499. Just over half (52.5%) of these visits were day trips to the province

  The after-effects of Asian flu appear to be subsiding, with visitors from Asia beginning to make their way back to BC in growing numbers. March marked the second straight month with a signifi-

Report **BC Migration Outlook**

Did you know...
About 150 different species of mosquitoes have been recorded in North America, and 75 of them are found in Canada. Worldwide, there are more than 2,500 species.

cant increase (+8.0%) in Asian entries. Entries from Japan were up (+6.1%) for the first time this year, while South Korean (+36.2%) and Taiwanese (+30.8%) entries continued to make a comeback. *Source: Statistics Canada*

- **The low value of the loonie continued to discourage travel outside the country, especially south of the border.** In March, entries of Canadians returning home via BC were down 17.0%, marking the fifteenth straight month of double-digit declines. Same-day trips to the US fell 25.3% while other re-entries from the States dropped off 3.9%. The number of Canadians returning from travel to the rest of the world was up slightly (+2.8%) from March 1998.

  Source: Statistics Canada

Spending in Retail Stores

- **Thirty-five cents of every dollar spent at a Canadian retail store last year was used to purchase motor vehicles, gas, or other automotive products.** This compares to 19 cents spent on food, and 10 cents on clothing and footwear. Home furnishings and electronics took the fourth largest bite (7 cents) out of the retail dollar.

  Canadians buy most of their housewares (68%), clothing, footwear and accessories (57%) and home furnishings and electronics (51%) at large retail outlets. These outlets did $68.0 billion worth of business last year. *Source: Statistics Canada*

Life Expectancy at Birth

- **The average life expectancy of a baby born in BC during 1997 was 79.3 years.** Girls (82.1 years) could expect to live five-and-a-half years longer than boys (76.6 years). Life expectancies were highest in PEI (79.4), BC (79.3), Ontario (79.0) and Alberta (79.0). They were lowest in NWT, where a baby born in 1997 could expect to live 73.8 years. *Source: Statistics Canada*

Deaths

- **There were 27,412 deaths in British Columbia during 1997, 0.5% less than in the previous year.** Canadian deaths were up 1.3%, with 215,669 people expiring during 1997. The number of deaths increased in eight of the twelve regions.

  Cardiovascular diseases (79,457), cancer (58,703) and heart disease (57,417) continued to be the three top killers. Four percent (8,626) of all deaths were the result of unintentional injuries and 2% (3,681) of those who died took their own lives. HIV infections claimed 626 lives, the lowest level in a decade. *Source: Statistics Canada*

Suicide Rates

- **The number of suicides committed in BC increased to 425 in 1997–forty more than in the previous year.** Despite this, BC had one of the lowest suicide rates in the country (10.4 per 100,000 population). Ontario (8.0), Newfoundland (8.2) and Nova Scotia (9.5) were the only regions where the rate was lower. NWT (46.0) and Yukon (23.6) had the highest suicide rates in the country. For all of Canada, the rate was 12.0.

  Source: Statistics Canada

Y2K Minus 1 Bugs

- **BC might be the last place in continental North America to be hit by the millennium bug, but residents of some parts of the province are unlikely to escape a pre-millennial bug attack.** People living in southwestern BC have a higher than normal probability of being bitten by mosquitoes this spring. Flooding and high water levels are likely to result as record snowpacks begin to melt, and the soggy spots will provide fertile breeding grounds for the pesky creatures. Outside the Lower Mainland/Sunshine Coast and Vancouver Island, the mosquito population is expected to be at about average levels.

  Other Canadians are expected to fare better. People living in Manitoba, Ontario, and southern Quebec will have a below-average risk of being bitten, and in the rest of the country, the risk will be no higher than usual. The average bite from a blood-sucking female results in a blood loss of 5-millionths of a litre. Male mosquitoes are less of a problem, as they only drink nectar.

  Source: Muskol Mosquito Forecast

highlights, Issue 99-19
May 14, 1999

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

May 14, 1999

Infoline Report:

BC Migration - Outlook for 1999

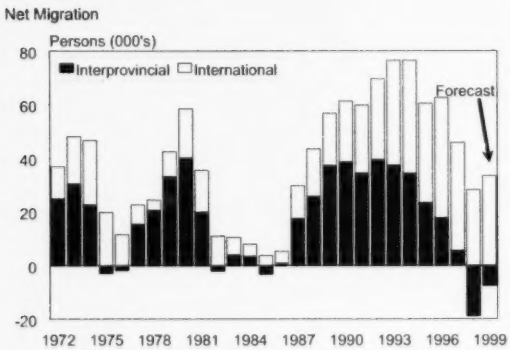
Contact: Ruth McDougall / (250) 387-0337

Originally published in Fourth Quarter 1998 issue of *Migration Highlights*. Annual subscription: $30 + GST

Summary

During 1999, the population of British Columbia is expected to increase by 25,900 persons due to migration from other provinces and other countries. This is up from 9,400 registered last year, but below the 1997 level of 45,750. The inflow of international migrants is projected to increase slightly, while the outflow of interprovincial migrants is expected to slow.

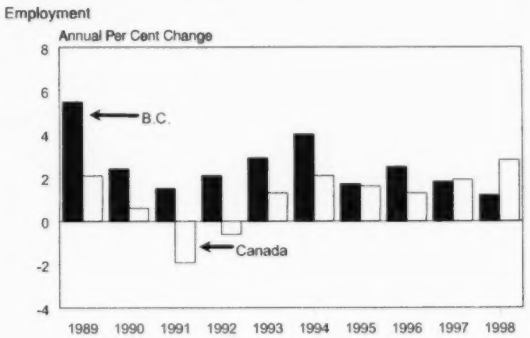
Net migration to B.C. is expected to recover partially in 1999.



BC STATS

Some observers attributed the relatively good economic performance of British Columbia in the early 1990's to the strong population growth resulting from high levels of migration from the rest of Canada and the rest of the world. Net inflows of population to B.C. strengthened consumer spending and residential investment. This increase in economic activity, in turn, created jobs and income within the province. From 1989 to 1994, B.C. had the highest rate of job creation of any province in Canada, while in 1995 and 1997 B.C.'s employment growth was similar to the national average. However, in 1998 annual average employment growth was 1.2 per cent in B.C., whereas the annual average growth for Canada was 2.8 per cent. The average 1998 B.C. unemployment rate edged back up to the 1996 level of 8.9 per cent. However, during 1998 the provincial labour market improved and by the end of the year the unemployment rate had dropped to 8.2 per cent.

In 1998, job creation in B.C. was weaker than in the country as a whole.



BC STATS

Given the impact of population growth on labour markets and overall economic performance, it is important to examine what is in store for migration to British Columbia in 1999. Net migration to B.C. has been quite volatile over time. The record high net inflow during 1993 of 76,500 persons is in sharp contrast to the low of 500 experienced during 1985. This volatility is one of the reasons why it is difficult to accurately predict migration. Most researchers would agree that the first step to forecasting migration is to isolate the factors that influence migration, then attempt to predict those factors. The task of isolating these factors is simplified by separating migration into the international and interprovincial components.

International Migration

Net international migration to British Columbia is driven largely by federal government policy with respect to immigration. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not intended to be rigid quotas and actual

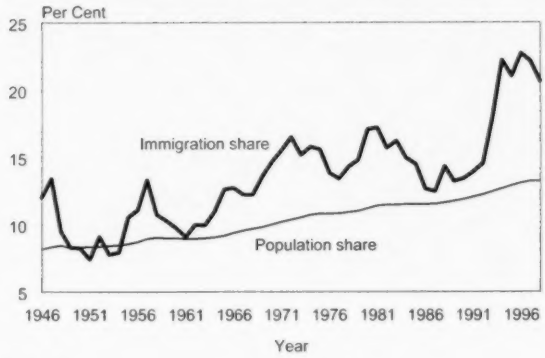
immigration may exceed or fall short of the planning level. In October 1998 the planning level was established for 1999 at 200,000 - 225,000 persons, the same as in the previous year, despite the fact that actual immigration in 1998 was well below the planning level. This lower than expected intake of immigrants during 1998 was mainly due to lower immigration from Asia, resulting from weak economic conditions. Lower immigration from Hong Kong had been anticipated following its hand-over to China in mid-1997.

Canadian Immigration

Year	Planning Level (000's)	Actual (000's)	B.C. Share (%)
1987	115-125	152	12.4
1988	125-135	162	14.3
1989	150-160	192	13.2
1990	200	214	13.4
1991	220	225	13.9
1992	250	253	14.3
1993	250	256	17.9
1994	250	224	22.0
1995	190-215	212	21.0
1996	195-220	224	22.6
1997	195-220	216	22.1
1998	200-225	174	20.6
1999	200-225		

The planned immigration intake since 1987 is given in the preceding table along with the actual immigration. The steady increase in immigration to Canada experienced since the mid 1980's has levelled off to between 210,000 – 225,000 over the 1993-1997 period. Immigration to Canada in 1998 was much lower than planned as a result of events in Asia. Although the 1999 planning range is the same as the 1998 level, this forecast assumes that Canadian immigration will be near the lower end of the planning range.

B.C.'s share of immigrants to Canada has been above 20% for the last five years.



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Starting in 1993, British Columbia experienced a significant increase in its share of immigrants coming to Canada. In 1998, B.C.'s immigration share was down slightly from the above 22 per cent levels of 1996 and 1997. The 1993 and 1994 dramatic increase in share cannot be attributed to any one country, but rather appeared to be a general increase from all world areas. In effect, since 1993 B.C. has become a more attractive immigrant destination relative to central Canada.

It appears that B.C.'s higher share of immigration in the past five years is partly a result of lower immigration to Quebec. Quebec, which is the only province to have responsibility for the selection of some classes of immigrants, has dropped its share of immigration from 18 per cent in 1993 to around 13 per cent over the 1994 to 1997 period and 15 per cent in 1998. Since Quebec is only planning a small increase in its immigration intake in 1999, it is likely that B.C.'s share of Canadian immigration in 1999 will remain relatively high at around 20 per cent.

As a result, the 1999 forecast of net international migration to British Columbia is 33,300 persons.

Interprovincial Migration

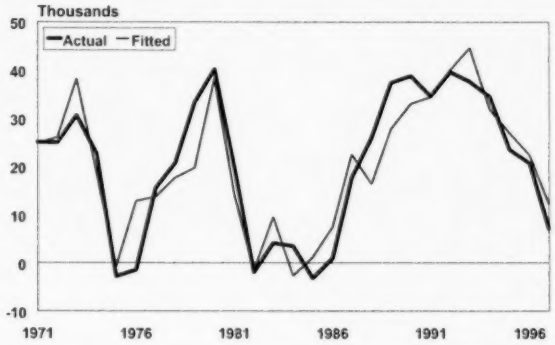
Unlike international migration, interprovincial migration is not governed directly by government

policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a migrant to seek better opportunities, and "pull" factors that attract a migrant to a particular location. Consequently, movement between provinces under this Push-Pull hypothesis results from differences in economic and non-economic conditions in respective regions.

As noted above, the factors that draw Canadians to British Columbia are both economic and non-economic in nature. Non-economic factors such as climate or life-style are slow to change. Hence, it is the economic factors, or more specifically, the relative economic conditions between British Columbia and the other provinces, in particular Alberta and Ontario, that must be considered when predicting changes to B.C. net interprovincial migration.

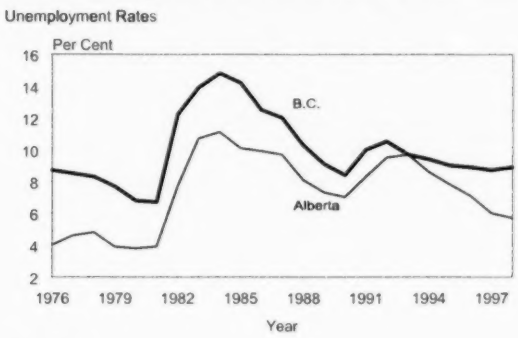
Statistical analysis indicates that over the past thirty years, fluctuations in British Columbia net interprovincial migration have been correlated to a significant degree with relative differences in the British Columbia/ Alberta and British Columbia/Ontario unemployment rates, as well as with differences in the growth of the British Columbia economy relative to the rest of Canada, as measured by real Gross Domestic Product[1]. The following chart shows that, these variables, when combined in a regression equation, can predict with reasonable accuracy the actual net interprovincial migration for B.C.

Model of net interprovincial migration



Many other economic factors likely play a role in influencing population movement (e.g. housing prices); however, in many instances empirical data on these factors are not available for a sufficient historical period to conduct statistical analysis. In addition, in order to forecast migration, consideration must be given to the practicality of forecasting the theorised determinants of migration. Both these constraints put limits on the number and type of variables considered as drivers of interprovincial migration. Consequently, the factors noted above do not uniquely describe inter-provincial migration flows, but rather are the ones that fit the criterion of statistically significant correlation with past migration flows, and have the potential to be forecast themselves.

In 1998 the gap between unemployment rates in B.C. and Alberta continued to widen.....



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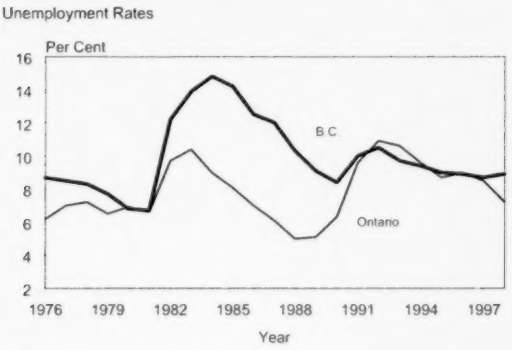
[1] See "*An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada*", McRae and Schrier, Population Section, *BC STATS*, Province of British Columbia, July 1998.

and the gap reappeared between the B.C. and Ontario rates.



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The levels of interprovincial migration from Alberta, Ontario and the rest of Canada are largely a reflection of the relative unemployment rates. Over the last twenty years with the exception of 1993, B.C. has always had a higher unemployment rate than Alberta (2.6 percentage points on average), but for most of that period, B.C. has received population from Alberta, the exceptions being the mid seventies and early eighties, when the differential reached the 4 to 5 percentage point mark, and the last two years. During 1997 and 1998, the difference between the Alberta and B.C. unemployment rates increased to around 3 percentage points. As a result, the migration flow reversed, becoming a net outflow of 7,900 in 1997 and 20,550 in 1998 from B.C. to Alberta. This was the largest net outflow to Alberta in 20 years. In 1999, it is anticipated that the outflow to Alberta will slow as labour market conditions in that province weaken due to soft oil prices.

Similar to Alberta, over the last twenty years, B.C. has generally had a higher unemployment rate than Ontario (2.1 percentage points on average), but for most of that period, B.C. has also received population from Ontario, with the exception of the mid eighties when the unemployment rate spread reached 6 percentage points. For most of 1992, 1993 and 1994, this differential reversed with B.C. recording a lower unemployment rate (0.9 percentage points in 1993), which contributed to the unusually high net inflow of population to B.C. from Ontario in 1992 and 1993. From 1994 to 1997 the unemployment rates in B.C. and Ontario were quite similar with B.C.'s rate being slightly lower in 1994 and 1996 and Ontario's rate slightly lower in 1995 and 1997. However, in 1998 the spread between the two provinces widened to 1.7 percentage points as the Ontario rate fell, while the B.C. rate edged up. Net migration from Ontario to B.C. dropped to 1,200, its lowest level since 1988. Looking ahead to 1999, it is unlikely that there will be any significant increase in migration from Ontario to B.C.

In the last four years overall economic growth in B.C., as measured by real GDP at factor cost, has been much weaker than for the country as a whole. In 1998 the Canadian economy grew by 3.0 per cent, while economic indicators suggest that real GDP in this province declined slightly. Forecasts of the B.C. economy indicate that B.C.'s growth is likely to remain well below the national growth rate in 1999 and as a result the outflow of people from B.C. to other parts of the country is expected to continue but at a diminished rate.

Given the above considerations, the net flow of interprovincial migrants from British Columbia is expected to slow from –18,750 in 1998 to –7,400 in 1999.

Risks to the Forecast

The main risk to the 1999 migration forecast is the interprovincial component. Net migration from other provinces, in particular Alberta, fell more than expected in 1998. If the economic conditions in B.C. relative to the rest of Canada improve more slowly than anticipated, the net outflow of population could be larger than predicted.

Another uncertainty is the duration of the effect of the Asian economic crisis on immigration to Canada and in particular to B.C. Since 1994 Asian countries have been the source of 60–65 per cent of the immigrants entering Canada and 80 per cent of those coming to B.C. The timing and strength of improvements to Asian economies will have an impact on immigration to B.C. in 1999.

Feature articles from previous *Migration Highlights*

Jun	1995	Seasonal Patterns of Migration
Sep	1995	Regional Interprovincial Migration
Dec	1995	What is Happening to Interprovincial Migration?
Apr	1996	B.C. Migration - Outlook for 1996
Jun	1996	Migration and Housing Demand
Sep	1996	Regional Migration
Dec	1996	Retirement in B.C.
Mar	1997	B.C. Migration - Outlook for 1997
Jun	1997	Indian Reserves in British Columbia
Sep	1997	Where do the Young and Old Live?
Jan	1998	Migration and Housing Demand
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May 14, 1999

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BC at a glance . . .

POPULATION (thousands)	Jan 1/99	% change on one year ago
BC	4,021.4	0.7
Canada	30,418.1	0.9
GDP and INCOME		% change on
(BC - at market prices)	1997	one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	24,775	0.1
Personal Disposable Income *($ 1992 per Capita)*	16,340	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Feb	2,899	3.3
Merchandise Exports (raw) Feb	2,011	0.7
Retail Sales (seasonally adjusted) Feb	2,735	-0.3
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Mar '99	one year ago
BC	110.3	0.5
Canada	109.5	1.0
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Apr '99	one year ago
Labour Force - BC	2,090	2.6
Employed - BC	1,906	3.1
Unemployed - BC	184	-2.3
		Apr '98
Unemployment Rate - BC *(percent)*	8.8	9.2
Unemployment Rate - Canada *(percent)*	8.3	8.4
INTEREST RATES (percent)	May 12/99	May 13/98
Prime Business Rate	6.25	6.50
Conventional Mortgages - 1 year	6.20	6.55
- 5 year	7.15	6.95
US/CANADA EXCHANGE RATE	May 12/99	May 13/98
(avg. noon spot rate) Cdn $	1.4608	1.4444
US $ *(reciprocal of the closing rate)*	0.6856	0.6921
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Feb '99	one year ago
BC	617.70	0.9
Canada	607.63	0.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

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- Labour Force Statistics, April 1999

Next week

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